

# MONTHLY ECONOMIC INDICATORS

THE PORT AUTHORITY OF NY & NJ

Planning and Regional Development Department

February 2016

|   | Actual              |                     | Annual Forecast |
|---|---------------------|---------------------|-----------------|
| <b>UNEMPLOYMENT RATE</b>                            | JAN 2016            | JAN 2015            | 2016            |
| U.S.  | 4.9%                | 5.7%                | 4.7%            |
| REGION (DEC 2015 )                                  | 4.5%                | 5.5%                | -               |
| <b>NON-FARM EMPLOYMENT</b>                          | DEC 2015            | DEC '15/<br>DEC '14 | 2016            |
| U.S.  | 143.24M             | 1.9%                | 1.3%            |
| REGION  | 9.03M               | 1.5%                | 1.5%            |
| <b>REAL GDP</b>                                     | 2015Q4              | 2015Q3              | 2016            |
| U.S.  | 1.0%                | 3.9%                | 2.1%            |
| REGION  | 1.2%                | 2.0%                | 2.6%            |
| <b>INTERNATIONAL TRADE</b>                          | DEC 2015            | DEC '15/<br>DEC '14 | 2016            |
| U.S.  | \$299.7B            | -9.1%               | 3.1%            |
| NY CUSTOMS DISTRICT                                 | \$33.2B             | -4.4%               | -               |
| NY Imports  | \$21.5B             | -5.0%               | -               |
| NY Exports  | \$11.7B             | -3.1%               | -               |
| <b>GASOLINE PRICE</b>                               | JAN 2016            | JAN 2015            | 2016            |
| New York City                                       | \$2.02/g            | \$2.57/g            | \$1.90/g        |
| Newark, NJ  | \$1.58/g            | \$2.16/g            | \$1.49/g        |
| <b>PRICES</b>                                       | JAN '16/<br>JAN '15 | JAN '15/<br>JAN '14 | 2016            |
| Consumer Prices - U. S.                             | 1.3%                | -0.2%               | 0.6%            |
| Consumer Prices - REGION                            | 0.8%                | -0.5%               | 0.8%            |
| Personal Income - U. S.                             | 4.0%                | 4.5%                | 5.0%            |
| Personal Income - REGION                            | 3.5%                | 4.2%                | 4.8%            |
| Construction Costs - U.S. 20-CITY                   | -4.1%               | -4.3%               | -               |
| Construction Costs - NYC                            | -4.9%               | 2.2%                | -               |
| Housing Prices - U.S. 20-CITY                       | 5.6%                | 4.4%                | 4.8%            |
| Housing Prices - NYC                                | 3.0%                | 1.8%                | -               |
| <b>CLASS A OFFICE SPACE<br/>AVERAGE ASKING RENT</b> | 2015Q4              | 2015Q3              | 2016            |
| Manhattan Totals                                    | \$76.76/sf          | \$75.95/sf          | -               |
| Midtown   | \$81.67/sf          | \$81.60/sf          | -               |
| Downtown  | \$63.17/sf          | \$60.79/sf          | -               |

\* For Unemployment Rates, Employment and GDP, U.S. data are seasonally adjusted, regional data are not.

\* Forecast developed by PA Planning staff using Oxford Economics' Macro Model.

## SPECIAL FOCUS

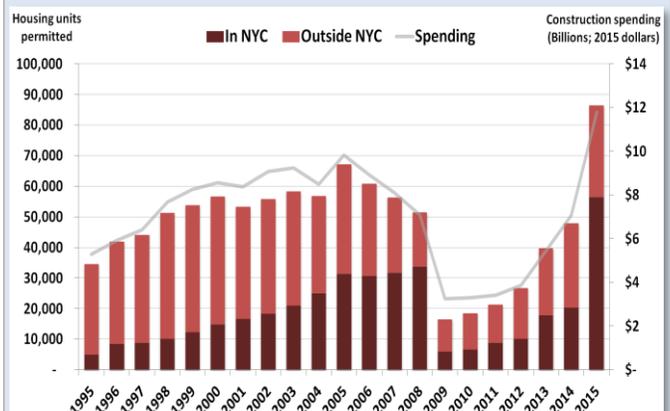
### New York's Construction Boom

When public demand for something rises faster than suppliers' ability to respond, you can expect its price to go up. It's standard microeconomic theory one would find in any textbook. And it helps explain intense behavior in the regional construction market last year, when construction of offices, multifamily housing and other private sector projects boomed. Demand for contractors and subcontractors, already responding to busy years in 2013 and 2014, swelled, putting upward pressure on the general price for construction services in and around New York.

The New York Building Congress estimates that residential construction spending within the city rose 23 percent last year; over the long-term, it has seen a staggering five-fold nominal increase from post-recession lows. Other private-sector development – including new hotels and work at the World Trade Center site – rose by 17 percent. So while construction spending by major public agencies, including the City of New York and the Port Authority, actually fell a bit last year, construction activity as a whole grew to match levels seen during the busy years preceding the Great Recession.

A few factors help explain the recent appetite for new construction projects. Home prices in New York have only gone up, providing higher potential returns for investors willing to build new homes. The Case-Shiller housing index for New York has risen steadily. More specifically, the condominium-specific index is through the roof, up 34 percent (as of November) from the start of 2012. The prospect of increased margins had already helped spark new residential construction, and the pending sense – since realized – that the City's lucrative 421-A housing construction subsidy would expire pushed investors further last year. The result was a spike in the number and combined value of housing permits.

Contractors gobbled up available workers as development intensified, and developers told an Urban Land Institute of New York panel early this month that the activity pushed average wages and overtime hours upward. The increases more than offset declines in the price of relevant commodities -- copper, steel and oil among them. The supply of construction firms and construction workers has, it should be noted, expanded over the last few years but probably not enough to keep up with last year's intense activity. *(continued on page 2)*



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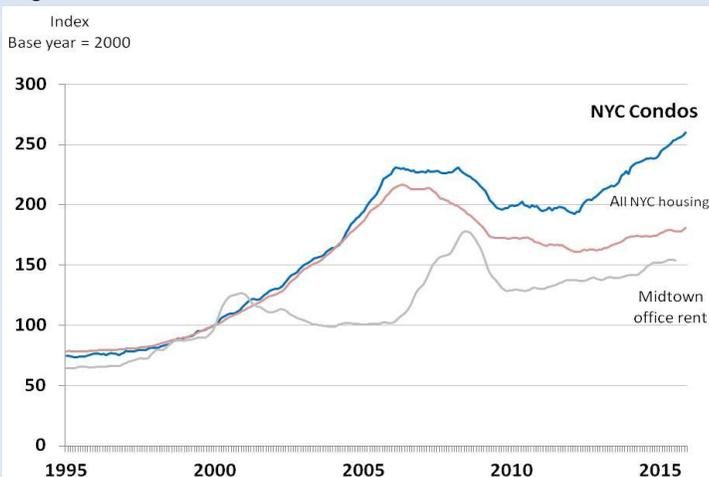
| AVIATION                                    | Dec '15         | YTD              | Dec '15/'14        | YTD '15/'14        | PORT COMMERCE                                    | Dec '15        | YTD            | Dec '15/'14        | YTD '15/'14        |
|---|-----------------|------------------|--------------------|--------------------|--|----------------|----------------|--------------------|--------------------|
| <b>Revenue Passengers (000's)</b>           | <b>10,352.6</b> | <b>123,041.3</b> | <b>4.0%</b>        | <b>5.8%</b>        | <b>Port Trade</b>                                |                |                |                    |                    |
| John F. Kennedy International Airport (JFK) | 4,697.5         | 56,827.2         | 5.6%               | 6.8%               | Container Imports (TEUs)                         | 251,802        | 3,214,338      | 0.5%               | 9.2%               |
| LaGuardia Airport (LGA)                     | 2,400.5         | 28,437.7         | 2.4%               | 5.4%               | Container Exports (TEUs)                         | 109,804        | 1,391,625      | -7.0%              | -2.6%              |
| Newark Liberty International Airport (EWR)  | 3,232.4         | 37,494.7         | 3.0%               | 5.3%               | Containers lifted on/off Express Rail            | 40,434         | 522,244        | 8.5%               | 12.2%              |
| Stewart International Airport (SWF)         | 22.3            | 281.8            | -7.3%              | -8.9%              |  |                |                |                    |                    |
| <b>Revenue Freight (Short Tons)</b>         | <b>192,867</b>  | <b>2,057,498</b> | <b>0.7%</b>        | <b>1.3%</b>        | <b>TUNNELS, BRIDGES &amp; TERMINALS</b>          | <b>Dec '15</b> | <b>YTD</b>     | <b>Dec '15/'14</b> | <b>YTD '15/'14</b> |
| Domestic                                    | 77,829          | 707,130          | 7.1%               | 4.2%               | <b>Eastbound Vehicle Volumes (000's)</b>         | <b>9,987</b>   | <b>115,948</b> | <b>2.6%</b>        | <b>1.7%</b>        |
| International                               | 115,038         | 1,350,368        | -3.2%              | -0.2%              | George Washington Bridge                         | 4,308          | 50,459         | 2.8%               | 2.9%               |
| <b>Flights</b>                              | <b>108,766</b>  | <b>1,280,229</b> | <b>2.8%</b>        | <b>2.6%</b>        | Lincoln Tunnel                                   | 1,632          | 18,931         | 1.8%               | 0.8%               |
| Domestic Air Carrier                        | 76,381          | 905,067          | 0.6%               | 3.1%               | Holland Tunnel                                   | 1,315          | 15,409         | -1.2%              | -1.0%              |
| International Air Carrier                   | 26,733          | 293,542          | 8.8%               | 0.6%               | Bayonne Bridge                                   | 167            | 2,058          | -28.3%             | -25.9%             |
| General Aviation                            | 5,652           | 81,620           | 6.7%               | 3.8%               | Goethals Bridge                                  | 1,307          | 14,662         | 10.3%              | 5.7%               |
| <b>Paid Parked Cars</b>                     | <b>684,064</b>  | <b>8,219,500</b> | <b>3.6%</b>        | <b>-0.9%</b>       | Outerbridge Crossing                             | 1,258          | 14,429         | 5.4%               | 3.3%               |
| <b>Revenue AirTrain Passengers</b>          | <b>869,490</b>  | <b>9,675,642</b> | <b>7.2%</b>        | <b>11.2%</b>       | <b>Eastbound Volumes by Vehicle Type (000's)</b> |                |                |                    |                    |
|   |                 |                  |                    |                    | Autos  | 9,121          | 105,711        | 2.6%               | 1.7%               |
|   |                 |                  |                    |                    | Trucks   | 616            | 7,266          | 2.5%               | 2.4%               |
|   |                 |                  |                    |                    | Buses  | 250            | 2,969          | 0.9%               | 0.4%               |
| <b>FERRY OPERATIONS</b>                     | <b>Dec '15</b>  | <b>YTD</b>       | <b>Dec '15/'14</b> | <b>YTD '15/'14</b> | <b>PORT AUTHORITY PULSE</b>                      | <b>Dec '15</b> | <b>Nov '15</b> | <b>Change</b>      |                    |
| <b>Passengers (000's)</b>                   |                 |                  |                    |                    | <b>(Seasonally Adjusted, 2010=100)</b>           |                |                |                    |                    |
| New Jersey Ferries                          | 691.2           | 8,225.6          | 2.1%               | -0.1%              | <b>PA Pulse (Transportation Activity Index)</b>  | 99.5           | 100.2          | -0.7%              |                    |
|   |                 |                  |                    |                    | <b>PA Freight Pulse</b>                          | 95.5           | 95.7           | -0.2%              |                    |
|   |                 |                  |                    |                    | <b>PA Passenger Pulse</b>                        | 103.5          | 104.6          | -1.1%              |                    |
| <b>PATH</b>                                 | <b>Dec '15</b>  | <b>YTD</b>       | <b>Dec '15/'14</b> | <b>YTD '15/'14</b> | <b>U.S. TRANSPORT. SERVICES INDEX</b>            | <b>Dec '15</b> | <b>Nov '15</b> | <b>Change</b>      |                    |
| <b>Passengers (000's)</b>                   | <b>6,384.0</b>  | <b>76,564.0</b>  | <b>4.7%</b>        | <b>3.9%</b>        | <b>(Prelim., Seasonally Adj., 2000=100)</b>      |                |                |                    |                    |
| Average Weekday                             | 246.6           | 3,093.6          | 3.8%               | 3.1%               | <b>TSI - Combined Index</b>                      | 121.8          | 122.0          | -0.2%              |                    |
| Average Saturday                            | 124.6           | 1,375.1          | 6.3%               | 6.1%               | <b>TSI - Freight</b>                             | 121.0          | 121.5          | -0.4%              |                    |
| Average Sunday                              | 97.2            | 1,063.6          | 13.6%              | 7.6%               | <b>TSI - Passenger</b>                           | 123.5          | 122.9          | 0.5%               |                    |

## TRANSPORTATION FOCUS

(from page 1)

The US Department of Labor tracked a nearly 20 percent increase in construction-related workers in the region's 13 most populated counties between the springs of 2012 and 2015. When the Labor Department releases data from the second half of 2015, it may identify even more construction workers in the region. But demand for work last year was heavy enough to stretch the supply of workers, and the Urban Land Institute panel cited a "stagnant pool of subcontractors" and shortage of skilled trade workers as confounding the market's ability to respond to spikes in market demand. The pressure even touched public transportation agencies, which attracted fewer bidders and, on average, higher bids for many projects. The increase in construction costs may not reverse itself anytime soon, but there is reason to believe prices will at least relax. Outside of the US, global growth is weak. Plus, the City of New York's key housing tax incentive is gone – at least for the time being – which should take the edge off demand for residential work. The boom may last, particularly for residential work, for a bit longer, but look for supply of and demand for construction firms to rediscover their equilibrium sometime late this year or early next year.

Prices for housing across the US have largely rebounded following the Great Recession. In few places is that more true than in New York, where the price for housing – particularly condominiums – has skyrocketed. The prospect of higher returns has helped fuel the region's recent construction boom.



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